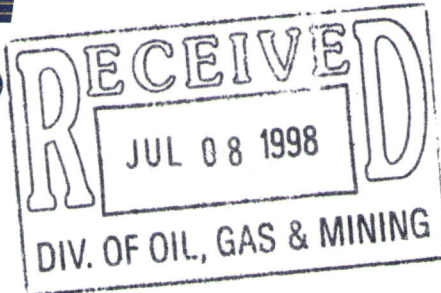




July 2, 1998



m/017/001
Nuclear Fuel Services, Inc.
3945 Holcomb Bridge Road
Suite 202
Norcross, GA 30092
(404) 662-8405
FAX: (404) 662-8415

Paul F. Schutt
Chairman

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: Annual Permit Fees
Frank M Mine - Property ID S170017
Tony M/Lucky Strike Mine - Property ID M170001

Gentlemen:

Please be advised that US Energy Corporation acquired the above mentioned properties from Nuclear Fuel Services, Inc. in 1996. Nuclear Fuel Services, Inc. has no type of interest remaining in these properties.

Please send all future correspondence and invoices to US Energy at the address listed below.

Mr. Ken Weber
US Energy Corporation
877 N. 8th West
Riverton, WY 82501
(307) 856-9271

Please feel free to contact me at 770/300-9335 in the event you have any questions. Thank you.

Sincerely,

NUCLEAR FUEL SERVICES, INC.

Kristee L. Wittrig
Executive Secretary to
Paul F. Schutt, Chairman

cc: Paul F. Schutt
Tom Bachtell
Jay McMurray
Jack Larsen
Ken Weber